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UNCLAS SECTION 01 OF 03 HARARE 000754

SIPDIS

AF/S FOR B. WALCH
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR MICHELLE GAVIN
TREASURY FOR D. PETERS
STATE PASS TO USAID FOR LDOBBINS AND JHARMON
COMMERCE FOR BECKY ERKUL

E.O.12958: N/A
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SUBJECT: ZIM NOTES 9-18-09

SUMMARY - Topics of the week

- Donors Pledge USD 70 Million to Education
- Constitutional Process Clears One Hurdle
- Hate Speech Intensifies in State Media
- ZBC Exec Blasts Embassy for Visa Refusal
- Another MP Arrested, Released
- Police Bar Labor Union March
- ZANU-PF Youths Beat Teacher
- Farm Attacks Continue
- Peace Returns to Once-Violent Mazowe Central
- Government Takes Control of Meikles Group
- BP and Shell to Exit Zimbabwe
- Zimbabwe Dollar Will Not Make an Early Return
- Another South African Firm Invests in Zimbabwe
- Good News That Isn't
- New Digs for Gono
- Quotes of the Week

On the Political/Social Front

¶1. Donors Pledge USD 70 Million to Education... In a September 14 ceremony attended by the Charge and numerous other heads of mission, the Educational Transition Fund announced it is investing USD 70 million in education. The fund will put textbooks and learning materials back in schools and guarantee school fees for low-income children. The initiative will increase the ratio of learning materials from an estimated one textbook for every ten students to one book for every two pupils within the next year. The U.S. plans to contribute USD 1 million and to provide 100 sets of reference books to secondary schools. Other contributing donors to the fund that will be managed by UNICEF and the Ministry of Education include the UK, EC, Sweden, Denmark, the Netherlands, Australia, New Zealand, and Germany. Although Zimbabwe once had one of the best education systems in sub-Saharan Africa, examination pass rates have

fallen significantly in recent years and more than half of primary school pupils do not go on to secondary school.

¶2. Constitutional Process Clears One Hurdle... On September 11, Parliament's Constitutional Select Committee on the Constitution announced the 17 MPs who will chair individual thematic sub-committees. The announcements broke a month-long delay as ZANU-PF had failed to put forward their nominees. The chairs were divided proportionately based on political party representation. Next steps include choosing deputy chairs from civil society and then rounding out the sub-committees with other MPs and civics. Once completed, each sub-committee will be composed of 70 percent civics and 30 percent MPs. The sub-committees will conduct nationwide outreach efforts to elicit public feedback on key constitutional issues.

¶3. Hate Speech Intensifies in State Media... This week the ZANU-PF mouthpiece The Herald appeared to spew even more vitriol than usual. On Tuesday the front page headline QMDC-T wants sanctions to stay claimed Tsvangirai wants to use Western sanctions as leverage against ZANU-PF. A page-two article quoted Army Commander Philip Sibanda telling soldiers that QZimbabwe's detractors are using some NGOs and pirate radio stations to spread false and hate messages that will lead to rioting, despondency and eventually cause war. On Friday spin-doctor Tafataona Mahoso bashed the MDC in an article entitled QHow MDCs Brought DisasterQ Q claiming that NGOs and MDC formations have bribed street kids to mount urban riots disguised as a labor movement. On Thursday the MDC called on the State media to stop using newspapers to spread dissension and hate.

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¶4. ZBC Exec Blasts Embassy for Visa Refusal... This week, with Department concurrence, we refused the CEO of the Zimbabwe Broadcast Corporation a visa to attend UNGA. CEO Happison Muchetere, who has led ZBC's anti-MDC and undemocratic programming, read the refusal letter on TV and criticized the U.S. government for allegedly Qnot recognizing the inclusive governmentQ and for acting Qholier than thou.

¶5. Another MP Arrested, Released... Makoni South MP (MDC-T) Pishai Muchauraya was arrested on September 15 on charges of assaulting his friend's maid with a wooden plank and fracturing her arm in the presence of the police at a police station. The assault allegedly took place on August 13, but the woman did not file a complaint until August 21, and her arm was not examined until September 7. On September 16, Muchauraya was released on free bail. The three police officers alleged to have witnessed the assault refused to testify against Muchauraya, as they deny the assault ever took place. After refusing to testify, the police officers were charged with failure to protect a complainant in their presence.

¶6. Police Bar Labor Union March... On September 12, police in Harare defied a court order and barred the Zimbabwe Congress of Trade Unions (ZCTU) from holding a march commemorating the police's brutality in crushing the union's 2006 protest for better working and living conditions. Heavily armed police cordoned off the road leading to the venue of the commemoration. Union official Japhet Moyo said the police action Qconfirms that political freedoms are still circumscribed.

¶7. ZANU-PF Youths Beat Teacher... A teacher in rural Manicaland was beaten by a group of ZANU-PF youth for failing to heed the Zimbabwe Teachers' Union (ZIMTA) call to go on strike. Teachers across Zimbabwe have reportedly been threatened or locked out by ZANU-PF youth, war veterans, and sympathetic headmasters. See Harare 752.

¶8. Farm Attacks Continue... Attacks on white-owned farms continued this week. Police detained an Al Jazeera film crew together with Ben Freeth when they attempted to visit Freeth's farm in Chegutu. South African citizen Louis Fick reported that thugs led by Reserve Bank Deputy Governor Edward Mashiringwani overran his farm last week, refusing to allow farm workers to give food or water to his pigs and cattle. The police refuse to take action in these cases.

¶9. Peace Returns to Once-Violent Mazowe Central... During a recent trip to Mashonaland Central, we were pleasantly surprised to see the tangible improvement in security in a rural area that was wracked by violence in 2008. See Harare 734.

Economic and Business News

¶10. Government Takes Control of Meikles Group... There was more bad news this week for Zimbabwe's business climate when the GOZ intervened in a long-running local business dispute by appointing an administrator for Kingdom Meikles Limited, a blue-chip Zimbabwean firm with interests in retail, agriculture, and hospitality. Kingdom Meikles was about to disentangle itself from an unsuccessful merger involving businesses owned by the Meikles family and the Kingdom financial group. Under an anti-corruption statute that allows the authorities to seize control of assets, the GOZ has alleged that Kingdom Meikles violated foreign exchange controls after the 2007 merger. The MDC's co-minister for Home Affairs, Giles Mutsekwa, reportedly signed the order, but the MDC later released a statement criticizing the move.

¶11. BP and Shell to Exit Zimbabwe According to press reports, BP and Shell will sell their Zimbabwean assets to Engen Petroleum of

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South Africa and KenolKobil of Kenya. The move will be the first high-profile exit from Zimbabwe by a major foreign investor since the inclusive government came to power in February this year.

¶12. Zimbabwe Dollar Will Not Make an Early Return Seeking to encourage foreign investment, Minister of Finance Tendai Biti assured delegates at this week's two-day Mining Investment Conference in Harare that the Zimbabwe dollar will not make an early return. He said re-introduction of the national currency would have to wait until the economy can generate sufficient foreign exchange for the country's needs.

¶13. Another South African Firm Invests in Zimbabwe South African commodities trader and investor Metmar said it had finalized a deal to buy 40 percent of Zimbabwe Alloys and its subsidiary, Chromecorp for R450 million. The money will be used to inject much needed capital to restore the company's mining, processing and production capacities.

¶14. Good News That Isn't... This week's Financial Gazette proudly reported that Zimbabwe has moved up a step in the World Bank's rankings of 183 countries on the ease of doing business. Zimbabwe ranks at 159 this year, just ahead of Afghanistan, and came in at 160 last year. The newspaper helpfully notes that the number of countries ranked below Zimbabwe has increased by two because the World Bank's survey now covers more countries.

¶15. New Digs for Gono... Elsewhere in the press, it was reported this week that RBZ Governor Gideon Gono has moved into a new 112-room mansion on the outskirts of Harare. The Governor's new residence reportedly features an art gallery, a billiard room, a swimming pool with three islands, and four helipads.

¶16. Quotes of the Week:

"We have not invited these bloody whites. They want to poke their nose into our own affairs.Q --President Mugabe in his September 11 address to the ZANU-PF youth wing, the day before meeting with a delegation from the EU.

QWe are not as rough and racist as some people regard us.
--President Mugabe at a Mining Conference on September 16.

QThis country is safe; this country has laws which are still functioning. I assure you, if you went to someone's home and stole you would certainly be arrested.Q --Minister of Youth,

Indigenization and Empowerment Saviour Kasukuwere addressing at a Mining Conference on September 16.

PETTERSON